



State of California

1998 Annual Report

California Division of Tourism
(California Tourism)

California Technology, Trade & Commerce Agency
Lon S. Hatamiya, Secretary

March 1, 1999

California Travel and Tourism Commission - 1998

APPOINTED CTTC COMMISSIONERS

1998 CHAIR - Lee Grissom, Secretary, California Trade and Commerce Agency (Term expired 1/99)

1999 CHAIR - Lon Hatamiya, Secretary, California Trade and Commerce Agency

Deserts

Mike Fife, Palm Springs Desert Resorts CVB, Rancho Mirage (Transportation and Travel Services) Term Expires - 1/02

San Diego County

William Davis, Sea World of California, San Diego (Attractions and Recreation) 1/02

Inland Empire

Ted Weggeland, Entrepreneurial Hospitality Corp., Riverside (Accommodations) 1/02

Orange County

Bill O'Connell, Stovall's Best Western, Anaheim (Accommodations) 1/00

Los Angeles County

George Kirkland, Los Angeles CVB, Los Angeles (Transportation and Travel Services) 1/00

Central Coast

Ted Balestreri, Cannery Row Company, Monterey (Restaurants and Retail) 1/00

High Sierra

Dennis Harmon, Heavenly Ski Resort, South Lake Tahoe (Attractions and Recreation) 1/00

San Francisco Bay Area

John Marks, San Francisco CVB, San Francisco (Transportation and Travel Services) 1/00

Gold Country

John Kautz, Kautz Ironstone Vineyards, Murphys (Restaurants and Retail) 1/02

Central Valley

Jim Pardini, Pardini's Restaurants, Fresno (Restaurants and Retail) 1/00

Shasta Cascade

John Koeberer, California Parks Company, Red Bluff (Attractions and Recreation) 1/02

North Coast

John Osmundsen, Dr. Wilkinson's Hot Springs & Spa, Calistoga (Accommodations) 1/02

ELECTED COMMISSIONERS

Accommodations

James J. Amorosa, Motel 6 Operating, Belmont (San Francisco Bay Area) 1/00
Greg Hendel, Best Western Palm Springs (Deserts) 1/02
Chris Middleton, American Hotels, Palo Alto (San Francisco Bay Area) 1/00
Charles H. Hays, Far Horizons 49er Trailer Park, Plymouth (Gold Country) 1/02
Glyn Davies, Simpson House Inn, Santa Barbara (Central Coast) 1/00
Anita Kramer, California Lodging Industry Association, Sacramento (Gold Country) 1/02
Gene Zanger, Casa de Fruta, Hollister (Central Coast) 1/00
Michael Gelfand, Terra Vista Management, Beverly Hills (Los Angeles County) 1/02
Cormac O'Modhrain, Park Hyatt Los Angeles (Los Angeles County) 1/00
Anne Evans, Evans Hotels, San Diego (San Diego County) 1/00
Vice Chair, Jim Abrams, California Hotel & Motel Association, Sacramento (Gold Country) 1/02
Jim Luce, Marriott Hotels, Santa Ana (Orange County) 1/02

Restaurants and Retail

Ric Service, Las Casuelas Terraza, Palm Springs (Deserts) 1/00
Jeani Lund, Merv Griffin Enterprises, Los Angeles (Los Angeles County) 1/02
Fritz Arko, PIER 39, San Francisco (San Francisco Bay Area) 1/00
Ted Burke, Shadowbrooke Restaurant, Capitola (San Francisco Bay Area) 1/02

Attractions and Recreation

Steve Lew, Universal Studios Hollywood, Universal City (Los Angeles County) 1/00
Vice Chair, Bob Roberts, California Ski Industries Association, San Francisco (High Sierra) 1/02
Paula Friedman, Disneyland Resort, Anaheim (Orange County) 1/02

Transportation and Travel Services

Anastasia K. Mann, Corniche Travel, West Hollywood (Los Angeles County) 1/00
Robert Neuberger, Avis Rent A Car, El Segundo (Los Angeles County) 1/02
Jerry O'Connell, Pacific Coast Sightseeing/Gray Line of Anaheim - Los Angeles (Orange County) 1/00
Rita Vandergaw, Port of San Diego (San Diego County) 1/02
Michael Gallagher, City Pass, San Francisco (San Francisco Bay Area) 1/00

California Travel and Tourism Commission

Executive Director, Caroline Beteta

California Division of Tourism (CalTour)

Senior Tourism Specialist, Tiffany Urness (California Tourism Marketing Act)

Associate Government Program Analyst, Ann Reicherter (Budget)

Associate Government Program Analyst, Janice Simoni (Contracts)

Associate Government Program Analyst, Ann Garibaldi (Assessment Program)

Associate Government Program Analyst, John Torres (Assessment Program)

Research Analyst II, Eileen Hook (Research)

Associate Tourism Specialist, Fred Sater (Media Relations)

Assistant Tourism Specialist, Mary Cochran (Media Relations)

Associate Tourism Specialist, Tom Lease (National Program)

Assistant Tourism Specialist, Gretchen Brigaman (Welcome Centers)

Associate Tourism Specialist, Terry Selk (International Program)

Associate Tourism Specialist, Glenda Cardwell (International Program)

Assistant Tourism Specialist, Tiffany McKenzie (International Program)

Associate Tourism Specialist, Barbara Steinberg (Publications Program)

Assistant Tourism Specialist, Megan Wright (Publications Program)

Executive Assistant, Joan Clark

Office Assistant, Anna Maria Bapsed

Office Assistant, Volnette Hicks

Visitor Information, Lois Vaira

Visitor Information, Emma Peach

Interns

Misty McDonald (International)

Stephen Leach (National)

Liz Baidoo (Media Relations)

Cristina Quontamatteo (Publications)

Dino Pineda (Research)

Reporting Requirements

Section 15364.54 of the Government Code specifies that on or before March 1 each year, the Director of Tourism shall:

- Present a marketing plan for the upcoming year (*see Appendix A*)
- Assess effectiveness of the previous year's tourism marketing program (*noted within analysis of each program element*)
- Document directly attributable benefits of the previous year's tourism marketing program (*see Directly Attributable Benefits*)
- Identify methods of promoting travel to the state's lesser-known and under-utilized destinations (*see Benefit to Lesser-known and Under-utilized Destinations*)
- Measure the annual size in aggregate and by county, for the most recent year, of:
 - travel and tourism spending in California (*see State of the Industry and Appendix B*)
 - travel and tourism employment in California (*see State of the Industry and Appendix B*)
 - travel and tourism generated state and local tax revenues (*see State of the Industry and Appendix B*)
- Identify additional data to be collected to assess further and adequately the benefits of the tourism marketing program (*see Research*)
- Establish standardized and accurate methods to measure annually California's share of domestic and international tourism (*see Market Share*), and
- Report on the income and expenses of the California Tourism Commission with respect to its financial affairs (*see Appendix C*).

State of the Industry

- Travel spending in 1998 grew 4.5%, increasing from \$62.0 billion to \$64.8 billion.
- Tourism employment increased 3.1% to 686,000 jobs in 1998.
- The State of California collected \$2.5 billion in taxes from travel spending in 1998, up 4.9% from 1997. Local communities collected \$1.4 billion in local taxes from travel spending, an increase of 6.1%.

Market Share

California's market share of domestic leisure travel for the first seven months of 1998 dropped to 10.0%, compared to 10.4% for the same period in 1997.¹

Preliminary estimates indicate that overseas travel to the U.S. in January through September 1998 was down 2.6% compared to the same period in 1997. The decline is attributed in large part to economic difficulties in Asia. California captured 26.6% of overseas travelers in 1997, and it is anticipated that the state will garner the same share of the market in 1998. Final statistics will not be released by the U.S. Government until after publication of this report.

Directly Attributable Results

Generally accepted accountability measures were used to determine the directly attributable benefits of the literature/fulfillment and advertising programs.²

- **Literature/Fulfillment** – Results of a formal cost-benefit study³ determined that the California Division of Tourism's (CalTour) \$0.83 million literature/fulfillment program generated \$83.6 million in total spending to the state. This resulted in \$3.2 million in new state tax revenues being generated from visitor spending stimulated by the literature/fulfillment program. The study established that for every dollar spent preparing and sending visitor information to travelers, the State of California received \$101 in return from travelers who decided to visit or to extend their stay because of having received the information.
- **Advertising** – A study conducted of CalTour's 1998 advertising campaign⁴ established that the CalTour ads increased awareness of California as a vacation destination by 32% in regional test sites.

¹ D.K. Shifflet & Associates, December 1998.

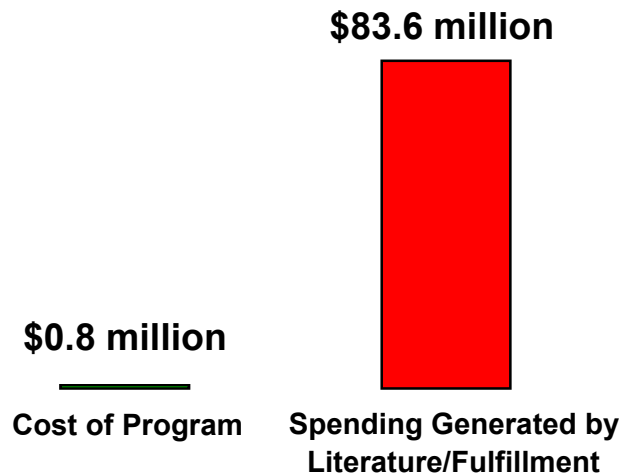
² Because of the lack of generally accepted methods for calculating visitation and employment directly attributable to every marketing activity, other program elements are evaluated using standard indirect measures of effectiveness, such as the number of trade show contacts made, number of sales mission participants, and dollar value of column inches of positive articles about California attributable to Media Relations program outreach.

³ Effectiveness of the California Division of Tourism 1997 Fulfillment Program, Patrick T. Tierney, Ph.D., San Francisco State University, October 1998.

⁴ Effectiveness and Economic Impact of the 1998 Spring CalTour Ad Campaign, Patrick T. Tierney, Ph.D., San Francisco State University, December 1998.

Direct Return on State Investment

CalTour Literature/Fulfillment



Awards

State Tourism Director of the Year John Poimiroo was elected by the Travel Industry Association of America as the State Tourism Director of the Year for 1998. The honor recognized the positive growth of tourism within California that resulted from programs enacted during his tenure as California's tourism director. It also recognized that this was accomplished under difficult circumstances as California had the 24th largest promotional budget in the U.S. and was afflicted by a series of major disasters which discouraged tourism to the Golden State.

Press Kit A new press kit prepared by CalTour's publicity team was honored thrice in 1998, winning Best of Show of all U.S. tourism press kits at the Travel Industry Association of America's International Pow Wow, a Golden Bell from the Hospitality Sales & Marketing Association International and a Gold Award in the annual Sacramento Public Relations Association "CAPPIES." This kit was honored not solely for its beautiful folder which depicts the California surf at sunset and montage of California scenes inside, but more for the basic information and solid story ideas provided within it.

Insights CalTour's travel industry newsletter was awarded a Golden Bell from the Hospitality Sales & Marketing Association International and a Gold Award in the annual Sacramento Public Relations Association "CAPPIES." This beautiful and informative publication provides California travel businesses with news of CalTour's program so that they might better take advantage of these marketing opportunities, and it includes a highly praised section on tourism research relevant to California.

CD-ROM A set of three CD-ROMs containing approximately 300 original photographs of the state received a Gold Award in the annual Sacramento Public Relations Association "CAPPIES."

Benefit to Lesser-known and Under-utilized Destinations

The California Travel and Tourism Commission defines lesser-known and under-utilized destinations as being the State's rural regions and ethnic communities. The rural regions are: Inland Empire, Deserts, Central Coast, Central Valley, High Sierra, Gold Country, Shasta Cascade and North Coast. Ethnic communities are found both in urban and rural regions.

In this program year, \$15,000 was provided to each of the eight rural regions in the form of marketing grants. This funding includes specific allocations for regional participation in international travel and trade shows, and for support of regional tourism publications. The rural regions report they used the grant funds to attend both international and domestic travel or trade shows; to produce regional brochures, CDs and Internet sites; and to purchase advertising space. A total of over 390,000 contacts are attributed to the funding provided by CalTour grants, at a cost of \$0.28 each. The actual number of visitors to each region resulting from these contacts is difficult to calculate, however the Shasta Cascade Region reports an increase in telephone inquiries of 12% as a result of participation in travel trade shows in 1998. The Central Coast Region reports 4,600 new visitors as a result of the 7,500 contacts made at trade shows, and the Central Valley attributed 500 new visitors to their 1,250 trade show contacts. When determining the number of new visitors resulting from trade show contacts in 1998, it should be realized that many contacts will retain the regional information picked up at travel trade shows and utilize it at a later date. The cumulative impact of regional representation at travel trade shows may not be felt until one to two years after the actual show date.

The extensive promotional outreach conducted by CalTour nationally and internationally continually identifies California's lesser-known and under-utilized destinations in ways the regions could not otherwise afford to achieve on their own. This includes publicity, editorial coverage, listings of tourism attractions and facilities, events listings, sales representation and advertising generated by the CalTour program. For example, a content analysis of primary CalTour publications distributed in 1998 measures what percentage of content featured lesser-known and under-utilized destinations:

	<u>Distribution</u>	<u>Content</u> ⁵
Calendar of Events	250,000	73%
Visitor Guide	300,000	54%
Travel Planner	60,000	56%
Outdoor Recreation Guide	171,000	95%
Adventures and More	4,800	59%
Internet (hits)	19,053,680	66%

Additionally, lesser-known and under-utilized destinations benefit even when they are not the primary focus of promotional messages. For example, State efforts to increase travel to California gateway destinations (Los Angeles, San Francisco, San Diego, San Jose, Orange County) from distant markets ultimately benefit lesser-known destinations,

⁵ Approximate

because these efforts increase the pool of travelers from which lesser-known areas draw. Similarly, promotion of rural destinations ultimately attracts visitors through gateway destinations.

California Travel and Tourism Commission

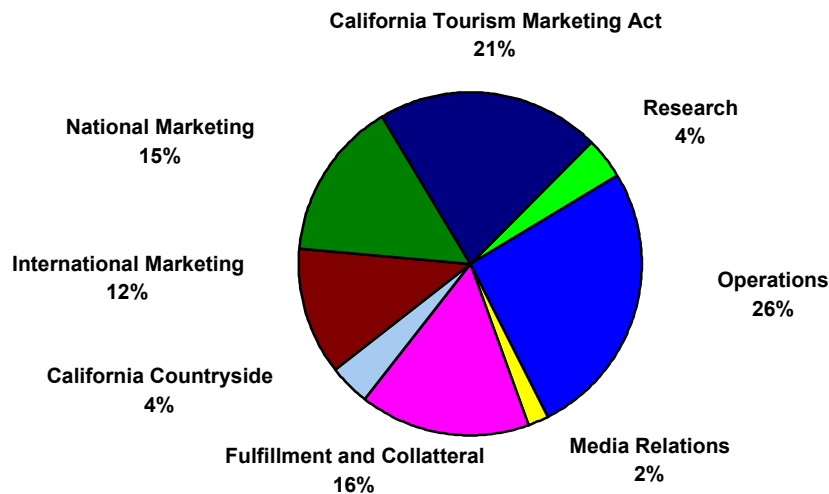
Over the past seven years, the CalTour budget has remained at a static \$7.3 million annually. Given outside factors such as inflation, the recovering California economy and increased competition from other destinations, California's tourism promotional budget was in a severe state of atrophy, and the symptoms of lost marketshare had become more apparent.

However, with the passage of the California Tourism Marketing Act referendum, the 1998/1999 CalTour budget was augmented by \$4.4 million in year one through the creation of this new public-private partnership.

The newly formed California Travel and Tourism Commission (the first of its kind in the world) added significant exposure opportunities for California. Namely, the national advertising program and international marketing activities were almost doubled from years' past budget levels. Further, the CTTC is playing a major role in creating the largest marketing endeavor to date - the development of the *California Experience* IMAX film and traveling exhibit that will tour key domestic and international markets over the next five years. More specifically, following is an outline of augmented and/or new programs being initiated directly from CTTC funding for 1998/1999 fiscal year:

- Internet listings for assessed businesses
- Postage/fulfillment for 300,000 visitor inquiries
- 66% increase in rural cooperative grant funds to eight designated regions
- Creation of a *Shop California* cooperative campaign
- Establishment of a certified travel agent training program
- 80% increase in the domestic advertising campaign
- Printing of new international brochures in seven languages
- Major sponsorship of California Travel Mart (CTM)
- Co-funding of international offices in Japan, UK, Germany, and Brazil
- Co-funding of World Travel Market (WTM)
- International cooperative advertising with key travel partners
- Development of international familiarization tours
- Creation of trade show collateral
- Establishment of European consumer fulfillment
- Sales/educational video duplication
- Creation of an international travel trade newsletter on California
- New York media blitz
- New international media outreach programs
- Increased press trips
- Establishment of a crisis communications program

1998 CalTour Marketing Program



Research

California Travel Impacts by County – An annual analysis of statewide tourism statistics (including financial impact, jobs, state and local tax revenues, transient occupancy tax, and other indices) was prepared for 1996, and preliminary estimates were produced for 1997.

Program Evaluation Research – The effectiveness of the Literature and Fulfillment Programs was evaluated, as well as that of the Advertising Program. Both were found to provide an excellent return on investment, as described elsewhere in this report.

Domestic and International Market Research – Reports on domestic and international visitors to California, part of CalTour's ongoing market research efforts, were updated and published.

Research Insights – The research section within CalTour's quarterly newsletter, *Insights*, includes charts and graphs on domestic and international visitation, air arrivals, national and state park attendance, as well as market research figures and findings. Articles of interest to tourism and travel research and marketing professionals are also included.

Seasonal Forecasts – Resident and non-resident travel volume to and through California were forecast, by season.

Research Contract – Research reports continue to be produced under a master research contract. Improved cooperation between sub-contractors has resulted in a more comprehensive research program.

Research Response – CalTour's Research Manager, Research Analyst and an intern answered approximately 900 calls for travel and tourism statistical data and sent copies of

published reports to an additional 700 requesters. CalTour's research office provided information to destination marketing organizations, local, state and national governments, news reporters, investors, tourism developers, economic development organizations, appraisers, loan officers, marketers, and students.

Web site – An average of 1,160 people per month requested the California Visitors Guide over the Internet. Of those requesting this information, 23% were from California and other western states, 9% from Canada, and 69% from the rest of the United States. Internet users found the CalTour site in various ways: 85% by Internet search, 5% by referral from a friend or relative, 2% from a guidebook, and the rest indicated "other" or made no response. Planning vacations continues to be the primary reason for using the Internet. Of those using the CalTour site, 81% were planning vacations, 6% were students preparing reports, 2% were traveling for business reasons, and the remainder were travel agents or individuals interested in relocating to California.

Cooperative Marketing Support

Leveraging the purchasing power of the state's \$7.3 million tourism budget, the Division of Tourism raised approximately \$15 million in additional cooperative partner funds to promote travel to California. Cooperative funding was developed from private and other governmental sources in every major category of CalTour's program.

Economic Development

CalTour maintained contact with the Gold Rush City project in Lathrop, though no significant support was needed by them this past year. CalTour also counseled the VentureStar project on tourism opportunities in attracting space launch facilities to the Edwards and Vandenberg Air Force Bases. CalTour additionally provided support to the 1999 Partnership in its effort to attract the 2001 World Track and Field Championships to Stanford Stadium.

Further, CalTour assisted the Sacramento Sports Commission in a successful effort to obtain legislative support to provide \$500,000 in marketing funds in order to hold the 1999 U.S. Track and Field Championships in Sacramento.

Based upon experiences working with the World Track and Field Championships, U.S. Track and Field Championships, prospective Olympics bid proposals, X-Games relocation to San Diego, Nike Sports Center's interest in locating in California and other sports-oriented economic development projects that sought State support, CalTour proposed to the Governor's office that a study be conducted to determine what proper role the State should play in the solicitation of major national and international sporting events.

At the direction of the Governor's Office, the Trade and Commerce Agency convened a group of California city sports commissioners, collected secondary research on the subject and conducted some primary research, compiling findings and issuing a report to the Governor on the issue. The report detailed several recommendations that would help California's sports commissions compete with similar commissions in other states in attracting lucrative sporting events. A principal proposal was that a BCP for an individual who would develop programs of assistance to local sports commissions be placed within

the Division of Tourism. That and other proposals were recommended to the Trade and Commerce Agency legislative office for consideration in 1999.

Issue Analysis and Management

California Tourism Marketing Act – Assessments totaling approximately \$5 million were billed in June and October. Development of administrative regulations for assessing businesses occurred and administration of assessments was put in place. A computer system to manage assessments was sought and acquired in compliance with the Feasibility Study Report established the previous year.

Legislative Analysis – CalTour staff testified before Congress in support of changes to Federal legislation that would amend the Federal Passenger Services Act in order to allow foreign cruise ships to visit successive U.S. ports not served by U.S. cruise ships. CalTour was also very involved in efforts related to preventing immediate implementation of Section 110 of the Immigration Reform Act that would have imposed border exit controls on the US/Canada and Mexico borders, and in support of visa waiver provisions that would allow increased tourism from Korea.

Reservation Service – CalTour staff testified before the Legislature on CalTour's implementation of a central reservation service designed to assist callers to California's 800 number and visitors to its Web site, in order to provide them with direct connection with California lodging facilities to reserve accommodations. Travel agents objected to the service, claiming that it competed with them. Following the hearing, the system was taken off line to allow a cooling off period of discussion and problem solving. Trade and Commerce Agency staff facilitated a series of meetings between travel industry supporters of the CRS and travel agents opposed to it. Following these meetings, the system was discontinued as a State-contracted service and put back in service as privately operated by the California Hotel and Motel Association and California Travel Industry Association. Travel agents and other reservation services were also provided the opportunity to sell directly to California vacationers through CalTour's Web site and 800 number.

Western States Tourism Policy Council – Comprised of nine state tourism directors of the 13 western states, WSTPC addresses major tourism issues of importance in the West. Of significance, in September, WSTPC held a major summit on gateway communities leading to public lands and through the year kept in close communication with leaders of all major Federal agencies that were signatory to a Memorandum of Understanding (MOU) regarding cooperative agreements involved in administration of tourism on the public lands.

California Conference on Tourism – CalTour helped plan and conduct the annual California Conference on Tourism in cooperation with the California Travel Industry Association. Over 500 tourism leaders attended.



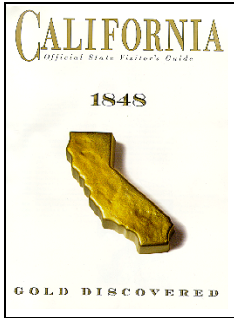
California Tourism Awards – CalTour presented 17 awards for excellence in tourism marketing and management. The California Tourism Hall of Fame, honoring Californians who have made exceptional contributions to the identification of California, was expanded by 26 inductees from 178 to 204.

California Sesquicentennial – CalTour continued to participate in planning for the 150th anniversary of California's gold discovery to statehood. CalTour established a Sesquicentennial Web site page with links to key Sesquicentennial partners, created a Gold Rush Trail Web page, placed the Sesquicentennial as the theme of the State's visitor guide and cooperated with western states in the joint promotion of the Gold Rush Trail through an advertorial section that will appear in *America Heritage* in 1999.

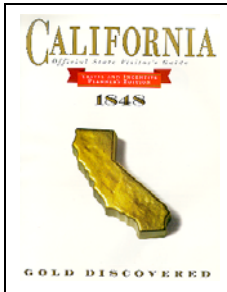
Crisis Response

- CalTour assisted communities affected by the El Niño flooding, intensifying positive communications of tourist activities available in affected areas and providing accurate reporting to media to assist travelers.
- Media updates were sent by fax and news wire services to the travel media and to the U.S. Department of State, U.S. Office of Tourism Industries and international offices of CalTour and TCA.
- Members of the CalTour staff met with affected communities and provided guidance as to crisis response.
- CalTour was praised by Plumas County officials for the assistance it provided in conducting a supportive communications effort in response to the Department of Fish and Game's chemical treatment of Lake Davis (to eradicate the exotic and voracious Northern Pike). After the lake was treated, tourism virtually disappeared from the tourism-dependent area. CalTour staff went to Portola, met with local officials, toured the area and executed a follow-up communications plan that created extensive positive publicity and support materials which helped increase the visibility of the Portola area and help recover tourism. The publicity effort initiated by CalTour included arranging radio interviews with an Eastern Plumas Chamber of Commerce spokesperson on *KNBR 680*, San Francisco; *KGO Newstalk 810*, San Francisco; *KPCC-FM/NPR*, Los Angeles; and *KFBK-AM*, Sacramento. Approximately 250 requests for information were received by the chamber of commerce as a result of the interviews. Additional assistance included the development of a target market press list; inclusion of Eastern Plumas items in quarterly the *What's New In California* release and distribution of Eastern Plumas County brochure at the CalTour office, at consumer travel shows in which CalTour participates, at the California Welcome Center in Anderson, and at the California Department of Food and Agriculture Station in Long Valley. CalTour is also assisting Eastern Plumas with a press trip for California journalists scheduled for May 1999.

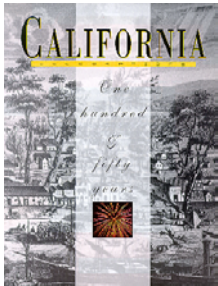
Fulfillment and Collateral



California Visitors Guide – Approximately 162,000 copies of the *California Visitors Guide* were sent to visitors planning California vacations and another 225,000 are distributed in bulk shipments to tour operators, travel agents, DMOs, CalTour's overseas contractors and by CalTour distribution at trade and consumer shows. Requests for packets were up slightly over 1997; we attribute this, in part, to the increased use of our Web site, gocalif.ca.gov. The *California Visitor's Guides* were subsidized through advertising. Due to successful advertising sales, the guide grew by 48 pages.



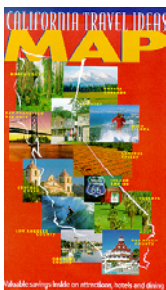
Travel Planner's Guide – CalTour's annual Travel Planner's Guide was distributed to 85,000 professional travel agents, tour operators and meeting planners. The guide features a travel planner insert with information on ground services, tour itineraries, transportation services, and a special new feature called, "One Hundred Reasons to See California." The Travel Planner's Guides were subsidized through advertising.



California Celebrations – Some 1,200 California events were listed in this guide. 400,000 of these calendars were shipped to travelers considering California vacations. The calendars include special identification of Stellar, Ethnic, Main Street and Sesquicentennial festivals and events. The cost for producing the calendar was approximately \$100,000.



Official State Visitor Map – CalTour, through the publisher of its Visitor's Guide, contracted with Magellan Geographix to update the Official State Visitor Map, including urban maps of Los Angeles, Orange County, the San Diego area, the San Francisco Bay area, Sacramento and the Monterey Bay area. One million maps were printed. 400,000 were bound into California Visitor's Guides; 300,000 were distributed by Best Western hotels; and 300,000 were distributed to California Welcome Centers, DMOs, travel agents, tour operators, and through California's international offices. No CalTour funds were utilized in this project. All costs for production were sponsored.



California Travel Ideas Map – Winter 1998 was the 4th edition of this map. Two million copies of the map are distributed biannually at California's 16 agricultural border stations, California Welcome Centers, convention and visitor bureaus, chambers of commerce, major airports, travel agencies, tour operators, and trade shows. The map features lodging and attraction discounts throughout the state. Advertising revenues underwrote the cost of producing the maps.



California Outdoor Recreation – This guide to California's outdoor recreational opportunities debuted in Spring of 1997. The four-color publication describes the many recreational opportunities available on California's public lands, from camping, to hiking, wildlife viewing, photography, rafting and more. The guide also offers safety tips and suggestions on ethical use of public lands as recommended by the "tread lightly" philosophy. Contact telephone numbers and internet addresses offer additional information available from various recreation associations and public land agencies. The major source of distribution for the 500,000 guides has been through CalTour's fulfillment program, California chambers of commerce, convention and visitor bureaus, and Welcome Centers. More than 400,000 copies have already been distributed. The guide also is available on CalTour's Web site in a pdf format. *California Outdoor Recreation* was developed by CalTour in partnership with the California Roundtable on Recreation, Parks and Tourism, which is a cooperative of public and private organizations interested in public lands. Total cost for production was \$88,000. Currently there are no funds available to reprint.

Student Packet – Approximately 40,000 elementary school children write to CalTour annually requesting information for school projects. In response to these requests, CalTour developed *The Really Smart California Map*. One side of the map provides students with information about California history, the Sesquicentennial, earthquakes, California icons, famous Californians and more. The other side is a full-size California map. The project was co-sponsored by the Fun Spots attractions. The map was reprinted in late 1998 and will have a circulation of 50,000. CalTour's investment was \$30,000; advertising revenue underwrote \$25,000 in production costs.

Fulfillment Contract – BASS (d.b.a. as Destination Marketing Services) was awarded the fulfillment in early 1997. BASS' telemarketers currently answer both toll free numbers – 1-800-TO-CALIF and 1-800-GO-CALIF. BASS originally subcontracted with United Direct Response (UDR) for fulfillment services, however, in early 1998 UDR informed BASS that they could no longer provide fulfillment services. In July 1998, BASS signed a contract with FYI Direct who had provided fulfillment services for CalTour under two previous contractors. There was a smooth transition and response time, telephone answering techniques and reporting services have remained consistent.



Web Site – CalTour's web site at: <http://gocalif.ca.gov>, averaged 635,000+ hits per month and, at peak, received more than 1,700,000 hits per month, an increase of 172%. Activity on gocalif.ca.gov nearly tripled after the advertising campaign began in February. Virtually thousands of state and federal agencies, DMOs and attractions are now linked to the site, providing travelers with a central location to find travel planning information about California. New features for 1998 included: Hollywood On Location Maps, Central Reservations and Travel Agent information, Electronic Postcards and Sesquicentennial information. See Research for more information about the site.

National Marketing

Promotion of Lesser-known and Under-utilized Destinations – The California Tourism Policy Act specifies that CalTour shall promote travel to California's lesser-known and under-utilized destinations. The California Travel and Tourism Commission has defined these as being the state's rural regions of the Inland Empire, Deserts, Central Coast, Central Valley, Gold Country, High Sierra, Shasta Cascade and North Coast, as well as ethnic tourism (multicultural) and cultural tourism (arts and culture) found primarily within urban areas. Approximately half of CalTour's \$7.3 million budget promoted travel to lesser-known or under-utilized destinations within California.

California Countryside Grants – CalTour allocated \$10,000 to each of the eight regions identified as "rural destinations" (Inland Empire, Deserts, Central Coast, Central Valley, High Sierra, Gold Country, North Coast and Shasta Cascade) for regional marketing, \$5,000 for international marketing and \$5,000 (one time) for publications. The funds encouraged cooperative marketing by competing destination marketing organizations (DMOs) within the regions for the purpose of attracting tourism to their regions. As a result of the international grant, all eight regions participated in CalTour's European Sales Mission, providing them with the opportunity to promote their regions directly to European travel planners which otherwise, they not have been able to do. This expanded awareness by European travel planners of the many experiences available in rural California.

Ski California – "This was our record season!" California's winter resorts recorded over 7.3 million visits, up 28% over the 1996-97 season and 200,000 over the previous record of 7.1 million visits. Clearly the El Niño phenomenon provided excellent conditions for our guests this winter. Great snow blanket the state from Mt. Shasta in the north to the San Bernardino and San Gabriel ranges in the south

The aggressive fall of 1997 marketing program played no small role in this success. Seven resorts sent representatives to the Daily Mail Ski Show, the world's largest winter sports consumer show, up from three the previous year. The delegation was supported with co-advertising in 7 separate ski magazines.

Ski Lake Tahoe, Mammoth, and the CSIA also mounted an aggressive promotion around the sponsorship of Warren Miller's Snowriders 2 film tour in the U.K. Co-sponsors included Drambaie, Salomon, and Nissan. Seventy thousand copies of the stylish Snowriders 2 magazine were distributed throughout the U.K. The film was screened in 31 theaters in England and Scotland. A companion video sold over 10,000 copies through Europe. Special Ski California promotions were also held in London at Harrods, the Riverside Sports Club, and the Harbour Club.

Once again, the ski co-op supported our relationship with Virgin Holidays and Virgin Atlantic Airways with an aggressive print campaign. To target up scale skiers and snowboarders, a cooperative program was initiated with United Vacations and United Airlines in London.

Other international efforts included participation in the Todo Esqui show in Buenos Aires. To support the team there, the ski co-op produced California Blanca, a Spanish language version of California Snow which was distributed to 12,000 travel agents in Argentina, Uruguay and Chile. As a result of the aggressive promotion of the state, several key media created features on California, a number of which are included. In Australia, the ski

co-op advertised in Australian Skiing and Ski Extra in conjunction with the Sydney consumer show.

In October, CalTour and CSIA took great pride in receiving the TIA Odyssey Award. The Ski California Cooperative was named the outstanding program of its kind in the U.S.

Domestically, the ski co-op hit the fall running, participating with several major competitors in a major Winter Vacation Guide bound into the October 3 issue of Sports Illustrated. 200,000 copies of California Snow magazine were distributed on the east and west coasts. The ski co-op also advertised in two issues of Skier News, a dominant monthly newspaper in the eastern metro markets. Back home the SSIA sponsored the first ever California Snow Sports Expo in Santa Clara. Over 10,000 consumers visited the three day show.

Consumer Shows – CalTour exhibited and distributed statewide and regional promotional materials at the Orange County Register Travel Show, the Los Angeles Times Travel Show and the Seattle Travel Show. Rural representatives were invited to join CalTour representatives at these shows, at no additional cost to them, so that they could promote their respective areas.

Advertising – This year's advertising campaign continued to build on the theme that California is a diverse state that has something to offer families, couples, recreation-oriented travelers and nature lovers. Like past advertising, the campaign highlighted four vacation types: Family, Romance, Nature, and Sports Adventure.

Prior to launching the new advertising campaign, Mering & Associates conducted focus group research. The research was designed to further understand consumer vacation motivations and the vacation experience, to refine strategic direction for consumer communication, as well as to test rough advertising concepts. Focus groups were held in Chicago, Seattle, and Dallas. Research supported our belief that vacations are highly emotional purchases and that people want to experience a range of emotions, and re-kindle and create memories.

The primary target for the 1998 advertising was non-resident leisure travelers who spend more and stay longer. The key message was California has so much to offer that I know that I'll make discoveries that will be with me forever. The campaign supported this message by communicating California is truly unique and that no other state can offer such tremendous diversity in geography, scenery, culture, cuisine, history and people. The executions tapped into the emotions surrounding a vacation experience, showing California as the perfect backdrop for discovering and rediscovering relationships and creating wonderful memories. The new tagline, "Find Yourself Here," provided an emotional call to action and reflected California's uniqueness as the place people come to make discoveries.

The advertising campaign ran March through June of 1998. The media goal was to attract new and repeat visitors from high potential markets outside of the state. This year, research led to a shift in media strategy. Research showed that high call-volume markets were not, in fact, the markets that yielded more trip visits. Therefore, this year the emphasis was placed on Western markets known to deliver trip volume, as opposed to call volume.

The campaign ran nationally in travel and Epicurean magazines and aired locally in five spot television markets. Magazines included Conde Nast Traveler, Better Homes & Garden, Gourmet, National Geographic Traveler, Outside, Sierra, Smithsonian, Sunset, Outside Family Vacation Guide and Travel & Leisure. The television spots aired in

Phoenix, Denver, Portland, Seattle and Salt Lake City. Additionally, internet banner advertising was tested as a new vehicle to provide national presence and drive potential visitors to California's web site.

The campaign consisted of two :30 television spots and four full-page, four-color print ads. The ads were designed to show consumers the state's diversity, include California icons, and depict scenes from a variety of vacation destinations throughout the state. Both the television and the print provide a call to action, as consumers were instructed to call the 800 number or to visit the web site for more vacation information.

Although data on trip visits is not available at this point, we suspect that trip volume will increase over the last two years. As anticipated with the shift in media strategy, call volume was up year-over-year, but down from the previous year. We suspect that the reason for this is twofold: As previously mentioned, California intentionally moved away from markets that delivered high call volume to focus on markets delivering high trip volume. More importantly, over the past few years there has been a major shift in how consumers plan their vacations. Consumers are relying on the internet as their primary source for leisure trip planning, because of its immediacy and efficiency in providing detailed information. California's internet activity far exceeded our expectations and its guaranteed delivery. The web advertising on AOL delivered 200% more impressions and 140% more click-throughs than guaranteed. Overall, California's web site saw 172% in activity from the previous year.

California Welcome Centers – One additional California Welcome Center joined the Welcome Center system in Barstow. Designated for 1999 openings are two more welcome centers: The Beverly Center (Los Angeles) and Arcata. Continuing to service travelers are the other California Welcome Centers in Kingsburg, Rohnert Park and PIER 39 in San Francisco. Closing their doors to seek other business endeavors was the California Welcome Center at American Wilderness/Ontario Mills. The California Welcome Center program provided training sessions for Center staffs, resource manuals, biannual meetings with Center administrators and unscheduled inspections. All California Welcome Centers are now identified in the State's Official Visitor's Guide, on State tourism maps and the web site. The California Division of Tourism works with Caltrans' Office of Signs, Delineation and Technical Support regarding sign specifications.

Cultural Tourism Video – A 30-minute video, highlighting California's rich cultural diversity was produced for The Travel Channel. Airing took place in August to potential 20 million households. Future broadcasts are slated for The California Channel as well as to select Western states.

California Cultural Tourism Itineraries – This program was initiated by the Los Angeles Convention and Visitors Bureau's Cultural Tourism Division. CalTour assisted in the development of a directory of cultural tourism itineraries, by underwriting the expansion of arts, heritage, ethnic and lifestyle tour itineraries, primarily in Los Angeles, San Francisco and San Diego. This included the development of major itineraries on the Sesquicentennial and California Missions. The itineraries are the most extensive cultural tourism marketing package ever developed in the United States for the travel trade. The "California Culture's Edge" itineraries were recognized by drawing acclaim across the nation.

The Fun Spots – The California Fun Spots mounted a massive joint promotional effort in April and May with Safeway Stores Select Brands. The promotion was implemented in the 10 Western States and Western Canada.

Safeway Stores printed and distributed 12.6 million California Fun Spot 4-color inserts in 1998, containing Fun Spots Cards and information on individual attraction offers.

The California Fun Spot Card/Insert was delivered to consumers' homes via direct mail, in Safeway Coupon Books.

Safeway Stores supported the effort with in-store displays, radio merchandising and a consumer sweepstakes offering 75 trips to California Fun Spots destinations.

The Safeway Store promotion was valued at 5.2 million dollars.

An additional 1 million Fun Spots cards were printed and distributed in the California State Visitor's Guide attached to The Official State Map. The total number of California Fun Spots cards distributed in 1998 were 13.6 million.

The program is tracking well; redemption numbers will be available in late January 1999.

Shop California – Development plans for the 1999 "Shop California" programs include development of a dedicated web site which allow consumers to access shopping destinations by tourism regions and type of shopping experience desired, i.e. Downtown, Outlets, Regional Centers, Luxury, Malls, Festivals Markets, etc...

A second program consideration is the development of a "Shop California" collateral piece featuring a two-page advertorial spread with possible expansion to an 8-16 page "Shop California" high impact unit to be inserted in target publications.

American Express, local retailers and national partners would contribute to the development and distribution costs associated with the expansions of the high impact unit. Estimated Circulation: 2 million to 5 million.

The Custom Marketing Group is assisting in the development of the project.

Budgetary support for the "Shop California" programs will be available by 2nd Quarter 1999.

National Tour Association – CalTour continued its coordination of industry-financed sponsorship of National Tour Association (tour operator) trade shows and meetings in 1998. "California Connection," a private/public marketing endeavor of approximately 100 California companies gained positive identification by:

- Sponsoring the "Leadership Luncheon", providing exclusivity at NTA's headquarters.
- Co-hosting with the NTA "Roundtable" regional meeting with San Jose CVB
- Sponsoring the Tour Operator Retreat finale dinner in Indianapolis, updating key tour operators on California "product" by producing "live" simulated game show – co-hosted by California Fun Spots and California Connection
- Sponsoring the National Tour Foundation scholarship program, demonstrating California's commitment to tourism education and future practitioners within the tour industry

- Sponsoring TourPac to open communications with independent motor coach owners
- Conducting annual in-state meetings and educational sessions to bring California's tour suppliers together and raise the effectiveness of the industry's tour sales efforts
- Hosting "dine-around" dinner for tour operators at NTA's Annual Convention in St. Louis, MO
- Hosting reception for "high bidders" at NTA's "silent auction"
- Developing gold, silver and bronze sponsorship levels, to allow large and small California companies to gain exposure before this valuable market

Special Project

- Hollywood On Location – A television pilot starring Tab Hunter was created taking viewers to California film location spots. The half-hour program included the following destinations: Bodega Bay (The Birds), Petaluma (American Graffiti), Eureka (The Lost World) and various Los Angeles locations for "I Love Lucy", "The Beverly Hillbillies" and "What Ever Happened to Baby Jane?" Currently, the program has been picked up by 20th Century Fox Television and is being shopped to several networks (A&E, Discovery, etc.) for production consideration.

Other components of Hollywood On Location include a web site which has been viewed by more than 75,000 users in less than 10 months and a hard copy map which is also being shopped for a co-op sponsor. Plans to update the web site are in development, including the use of video streaming portions of the pilot television show.

International Marketing

Overview

The international program staff currently consists of the following:

Terry Selk, Program Manager (directly responsible for programs within Europe, Asia and Oceania as well as overseeing program activities in Latin America and Canada);

Glenda Cardwell, Program Coordinator (directly responsible for programs within Latin America);

Tiffany McKenzie, Program Coordinator (directly responsible for programs within Canada);

Anna Bapsed, Program Assistant (provides support for all international programs and develops internal reference resources related to niche industry sectors such as agriculture and technical tours);

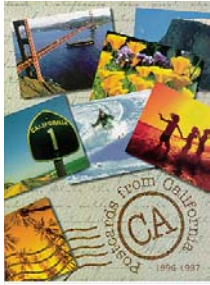
Misty McDonald, Student Assistant (provides support for all international programs and directly responsible for special interest resources such as California Highlights, a travel trade newsletter);

Primary goals of the international program include: increase overall presence of California through development of programs in key markets which reduce individual industry participant investment as well as provide maximum return-on-investment; development of marketing opportunities for the industry in secondary or low priority markets; unify industry through cooperative marketing/promotional activities; assist the travel trade in promoting California through provision of information, education and networking; create top-of-mind consideration of California to consumers through provision of usable information resources. Following are the types of specific activities the international program carries out in order to achieve the above mentioned goals:

- organization of California sections at consumer and travel trade exhibitions
- develop and present educational seminars for the travel trade
- conduct sales calls on tour operators
- coordinate familiarization tours
- research and respond to special interest/information requests from the travel trade and the consumer
- fulfill publication requests from the international travel trade
- assist three overseas representation offices in carrying out duties
- initiate, develop and implement consumer promotions and travel trade cooperative marketing programs
- develop and distribute special interest information resources

To assist the international team in developing programs desired by the industry, an Advisory Committee meets quarterly to discuss programs, marketing needs, address concerns and strategies, and to just plain brainstorm. The Committee is composed of 35-40 marketing professionals representing each of the state's 8 rural regions, key convention and visitor bureaus, primary attractions, select hotels and influential transportation companies.

Trade Shows/Sales Calls



An important component of California's marketing efforts involve attending travel trade and consumer exhibitions. In key markets, CalTour attempts to provide cost-effective opportunities for the industry to participate either through the organization of shared booth areas or brochure distribution. CalTour can often substantially reduce participant's costs by securing reduced rate registration fees by purchasing space in bulk. These shared space opportunities also allow maximum visibility to participant's who may not have the ability to be recognized individually. Every effort is made to provide visibility of the booth area with themed decor and banners used extensively. In 1998, CalTour participated in 16 exhibitions providing visibility in all of California's primary markets, a number of it's secondary markets as well as a few exploratory markets.

Wherever possible at exhibitions, CalTour attempts to organize added-value events directed at the travel trade. These events are co-sponsored and funded by California participants and consist of a reception or sit-down meal. Depending on time allotment and program content, the event may also include presentation of a four -minute entertainment video highlighting California's tourism attributes.

Expo Vacaciones, Mexico - February 2-4 – CalTour coordinated a unified booth area for the 14 California companies which exhibited. Approximately 5,500 trade representatives, consisting of the nation's leading outbound tour operators, retail travel agents, incentive organizers, media representatives as well as corporate and trade association meeting planners, attended the two day business exchange. In addition to exhibiting, CalTour representatives met with management staff of United Airlines Mexico City and its code share partner, Mexican Airlines, to discuss future cooperative marketing opportunities. As a result, both airlines assumed an aggressive role in recruiting buyers to attend the California Travel Market. Their efforts made a significant impact in increasing the buyer attendance from the country.

BIT, Italy - February 25-March 1 – CalTour exhibited at BIT in Milan for the first time. The exhibition is Italy's most important travel trade and consumer show and the USA Pavilion was organized by the US Foreign Commercial Service and Visit USA Committee. Attendance at the show was in excess of over 100,000 people (37,000 trade, 2,000 journalists). Other than a few hotels which exhibited within corporate booths, CalTour was the only California exhibitor with an independent stand.

Visit USA Trade Show, The Netherlands - March 4 – Organized by the Visit USA Committee in Amsterdam, this event received poor attendance and actually closed one hour prior to its schedule. CalTour met with United Airlines staff to discuss potential cooperative marketing opportunities.

Visit USA Seminars, Finland and Scandinavia - March 3-6 – Through a special invitation, California was one of three west coast destinations to be featured during this annual travel agent educational program. CalTour presented a 35-minute program consisting of its exciting four-minute entertainment video and a slide presentation providing an overview of the state's tourism attributes as well as topics of interest for the respective markets. Nearly 200 attendees participated in the two programs, providing California with a unique opportunity to reach the key trade in this region, which does not typically receive much exposure to the destination, but represents strong potential.

Visit USA Seminar, Benelux - March 5 – Organized by the Visit USA Belgium Committee, more than 500 travel trade delegates from throughout Belgium and

Luxembourg attended. California was one of only six California exhibitors in attendance and was able to conduct a 20-minute educational presentation as part of its presentation. CalTour met with United Airlines Brussels staff to discuss potential cooperative marketing opportunities.

International Tourism Exchange, Berlin (ITB) - March 7-11 – CalTour teamed up with the San Francisco and Los Angeles Convention and Visitor Bureaus in organizing the state's biggest presence ever at ITB, the world's largest exhibition. Each of the CVBs secured participation from five of their respective members while CalTour was supported by 14 companies. An additional 12 companies elected to participate at the exhibition through CalTour's brochure distribution program, making the total number of California companies present at 36. In order to meet the needs of the consumer for information, CalTour was one of only a few organizations in the entire USA Pavilion which elected to secure a consumer booth in addition to its "trade only" area. The total number of tour operator and media meetings conducted by CalTour (approximately 50) were significantly reduced as a result of the substantial presence established by the Los Angeles and San Francisco CVB's. In prior years, CalTour meetings with the trade numbered between 150-200 annually.

Destino USA Trade Shows, Brazil, Argentina and Chile - April 15-24 – Rio de Janeiro was added to the program which also included Sao Paulo, as the featured Brazilian cities. Attendance in Rio was mediocre and very poor in Sao Paulo as a result of the US Commercial Service withdrawing its sponsorship at a late date due to an internal political struggle with the designated show organizers. Attendance in Argentina was excellent with more than 3,500 travel trade and media attending. In Rio, California organized a tour operator lunch co-hosted by four California partners. Thirty-five tour operators and 3 press representatives were in attendance. In Chile, CalTour organized a unified exhibition area for five industry partners and attendance exceeded the initial expectation of 450 travel trade and press. A meeting with United Airlines management in Brazil was held to discuss possible cooperative marketing programs.

California Travel Market - March 24-26 – The California travel industry carried out CTM for the second consecutive year, this time in San Diego. The show experienced a 30% increase in attendance and continued on its course to become a recognized and highly regarded event. The extensive educational program, which helps make CTM truly different, carried a regional theme in 1998. Each of the state's twelve regions were provided the opportunity to develop and present their own programs. This component again received significant praise from the attendees. United Airlines was again the key airline sponsor of the entire program, although Southwest did sponsor one event.

Asociacion of Representantes de Lineas Aereas en Guadalajara, (ARLAG) May 6-9 – For the second consecutive year, CalTour participated in and helped organize a growing state presence at ARLAG. Considered to be one of the most effective travel trade exhibitions in Mexico, it is gaining strength due to its low cost and substantial reach. Sponsoring airlines from throughout the country provide transportation for travel agents throughout Mexico to attend the three day program which included seminars and a trade show. In order to maximize industry participation, CalTour teamed up with the Anaheim/Orange County Visitors Bureau in unifying the companies and organizing a lunch event for 350 travel agents and press. Attendance at the show was estimated at 900 with key travel trade representatives from 50 cities participating. Over 30 California companies exhibited with additional resources, being contributed by SeaWorld, Medieval Times and Fashion Island, all of which donated characters or special elements to the California presence.

European Incentive Business and Travel Market (EIBTM) - May 12-14 – Although CalTour does not officially arrange for the statewide presence at EIBTM, it provides significant assistance to the Executive Director of the Napa Valley Conference and Visitors Bureau in his continued efforts to raise the state's profile in the incentive and conference ranks. In addition to paying for its registration, CalTour provided much needed in-kind services/materials such as glossy tour operator brochure bags, high quality folders for presentation of participant fact sheets, and provisions for giveaway items, etc. Seventeen California suppliers exhibited in the stand and conducted more than 200 meetings with potential clients. Key buyers were invited to visit the California stand to sample fresh fruit smoothies and premium varietals provided by Napa Valley wineries.

Discover America International Pow Wow - May 23-27 – CalTour once again pulled all of its resources to attend what some consider to be the most important international travel trade exchange held on U.S. soil. Nine representatives from CalTour, including its three foreign office representatives, attended the exhibition. Approximately 135 meetings with tour operators were conducted during the three days of business sessions. The foreign representatives play a key role in preparation for Pow Wow by contacting buyers in their respective markets to inform them of the California suppliers attending, and to facilitate pre-scheduled appointments. On-site, the representatives are valuable in steering buyers to specific suppliers, especially those representing lesser known areas/products who may have had difficulty in securing a meeting. In order to maximize visibility of the some 200 California companies present, CalTour continued its use of banners at each booth.

La Cumbre - September 16-18 – CalTour organized a unified exhibition area for the 28 companies attending. CalTour received the maximum number of pre-scheduled appointments as well as adding appointments whenever possible. The group sponsored a wine tasting event, organized by CalTour, for 90 travel trade and media representatives.

Association of Canadian Travel Agents (ACTA)-BC/YUKON Travel Showcase, Vancouver, British Columbia - October 6 – This represented CalTour's fourth consecutive appearance at this key travel trade exchange. The show provides an excellent platform at which to launch the industry's annual Dream Days Campaign. Approximately 1,200 trade delegates attended.

San Jose Sales Blitz - New York - October 5-7 – CalTour participated with the San Jose Convention and Visitors Bureau and approximately 12 members in a sales blitz to key New York receptive and tour operator accounts. A reception atop the NBC Tower in the Rainbow Room was also hosted by the group for the clients. CalTour was invited to attend by the CVB.

Visit USA Fair - Japan - October 22-33 – CalTour exhibited at this first-time travel trade event along with the Los Angeles Convention & Visitors Bureau, AMTRAK, AmericanTours International, PSF International and United Airlines. Disneyland was present in their own booth as part of Walt Disney Attractions. CalTour carried out five appointments of 20 minutes each over the two days of the exhibition and conducted a 10-minute educational presentation to approximately 120 Japan travel trade representatives. CalTour, United and ATI jointly promoted the winter catalog of "My California" which is effective October '98 through March 1999. Over 1,300 Japanese business delegates attended.

Congresso Brasileiro de Agencias de Viagens (ABAV Congress), Brazil - October 22-24 – CalTour's presence this year involved sharing booth space with United Airlines, San Francisco and Anaheim Convention & Visitor Bureaus. The group also conducted an

educational workshop for approximately 80 Brazilian trade and press. Discussion with Panrotas, the leading travel trade publication in Brazil, took place to discuss the development of a supplement.

World Travel Market (WTM) - November 13-20 – CalTour organized its annual stand presence with 28 companies participating. The annual tour operator event, involving a yet-to-be-released film, occurred at the British Academy of Film and Television Arts and attracted a sell-out crowd of 150 operators and guests. This year's film was "*Meet Joe Black*" starring Anthony Hopkins and Brad Pitt and was provided by Universal Pictures. Wine donated by the Central Coast Tourism Council was distributed to each guest as a gift. The stand received substantial upgrades which enhanced its visibility throughout the exhibition area. A new development entitled "Taste of California" was incorporated into the stand this year and involved various products from throughout the state being displayed for visitors to sample. Fourteen companies provided products ranging from wine, microbeer, nuts, confections, cheese, and more were displayed. An information sheet regarding each company, its products, location and purchase information was distributed during two tour operator receptions. The California Food and Agriculture Agency assisted in securing some of the products which were distributed in colorful California bags. United Airlines and United Vacations were co-sponsors for the fourth consecutive year. WTM attracts approximately 50,000 trade and press annually.

World Travel Fair, Japan – November 13-15 – During the off-years that the Japan Association of Travel Agencies does not occur, CalTour maintains its visibility during this season by organizing a presence at the World Travel Fair, a consumer and trade exhibition. This year, CalTour organized a unified exhibition area for itself and five industry partners including the San Jose CVB, the Los Angeles CVB, Universal Studios Hollywood, Los Angeles Rent-A-Car and AMTRAK West. In total, 463 booths were occupied by companies and destinations from 160 countries with more than 77,000 consumers and 12,500 trade attending. To enhance the typical publicity of the event, which includes newspaper advertising, Nippon TV and Radio broadcast live from the Fair site.

British Columbia Sales Mission - December 1-2 – CalTour participated as the delegate with the San Diego area on a sales blitz to Vancouver and Langley which featured educational presentations, table-top trade shows, tour operators as co-exhibitors and was sponsored by Canadian Airlines. CalTour was invited by the San Diego Convention and Visitors Bureau to participate in the two events which attracted more than 225 travel agents.

Familiarization Tours

Familiarization Tours (fams) are an effective method of promoting the state as it allows top producing travel agents and tour operators to experience the product first-hand. Not only are fam tours cost-effective, they are excellent tools in expanding product knowledge among the participants. As CalTour provides general coordination of the logistics for fams, the majority of costs are born by the host destinations, their members and the tour operator and/or airline sponsors.

Virgin Atlantic Airways - UK - February 19-26 – Initiated by CalTour's UK representative, this particular fam featured San Francisco, the wine country, and Yosemite National Park. Twelve participants representing VAA top producing tour operators experienced a wide range of hotel site inspections, attractions, restaurants and free time to further enhance their knowledge regarding these areas.

Post California Travel Market - April 27-30 – In response to the disappointing interest for the 1997 Post CTM fam tours, the Planning Committee elected to feature only two in 1998: 1) Southern California which featured North San Diego County, Newport Beach and Catalina Island; and 2) Skiing/Northern California which featured Mammoth, South Lake and North Lake Tahoe. Total attendance for the two fams was eight delegates.

Willy-Schwarnow Foundation - Germany - November 3-10 – Initiated by CalTour's German representation office, Willy-Schwarnow represents an educational institution which focuses on developing learning opportunities for the retail travel industry in Germany. Pre and post seminars are conducted which helps the agents retain the information presented during the fam. Schwarnow fams are considered to be of the highest professional standards. This particular fam featured San Francisco, the North Coast including Marin, Clear Lake, Mendocino, Fort Bragg, Eureka and the wine country. Eighteen travel counselors as well as three escorts (1 each from the airline, our office and the Foundation) attended.

Consumer Promotions

California IMAX Film and Traveling Exhibit – Sponsor development for the "California Experience" IMAX film and traveling exhibit developed nicely in 1998. Major sponsors committed to participate include: Wells Fargo, American Express, Disneyland Resorts, United Airlines, Robert Mondavi Winery, Hewlett Packard, Long Beach Convention & Visitors Bureau, Los Angeles Convention & Visitors Bureau, San Diego Convention & Visitors Bureau, San Jose Convention & Visitors Bureau, San Francisco Convention & Visitors Bureau, Southern California Edison, California Ski Industry Association, and State of California.

The project includes development of a 40-minute, 70mm-format IMAX film about California. CalTour has underwritten story and sponsor development. IMAX films are seen in specially designed theaters with massive motion picture screens that provide for a very realistic impression of scenery and motion. These theaters are primarily located in museums around the world. One of the most famous is at the Smithsonian Air and Space Museum in Washington, DC. These IMAX theaters are constantly looking for new films to show which will attract audiences. California's film is being produced by the award-winning creators of Everest, Macgillivray-Freeman Films, based in Southern California.

There are about 200 of these "large format" theaters worldwide. The value of presenting "California" in IMAX scale, which is up to eight stories in size, is that the film totally involves the audience in the images, sounds and emotional impact of our state, encouraging them to experience it first-hand.

Accompanying the IMAX film, in approximately thirty markets will be a touring exhibit called "The Taste of California". Coordinated by the Trade and Commerce Agency, the exhibit provides a platform on which audiences can indulge on site, the State's great culinary and sensory delights, including full service California restaurant concessions, fashion shows, wine tasting, extreme sports demonstrations and a showcase of exclusive California merchandise for sale.

Both the IMAX film and the touring exhibit will be previewed to the media, travel trade and government, community and business leaders in the foreign countries where it shows. "Hollywood-styled" premieres will showcase California and its many qualities for vacationers and commerce, in ways that cannot be duplicated by other states or destinations.

California Dream Days - November 1997-February 1998 / November 1998-February 1999 – CalTour launched this long-standing promotional campaign targeted at the Canadian traveler with cooperative support from Air Canada. The Canadian carrier annually supports the program through a wide range of promotional activities in addition to distributing the value-added directory to the travel trade. This year's campaign included radio promotions, airport displays, travel industry communications and posters. 300,000 copies of the directory are distributed annually to the consumer and travel trade, and include reduced rates for more than 400 accommodations, attractions, sightseeing and transportation services, shopping, and RV Parks and campgrounds.

New Developments

Canadian Traveller, America Yours To Discover- July 1998 – CalTour secured prime space in the annual publication, Canada's only destination focused travel trade magazine. The upscale guide served as a cost-effective means to announce to the trade nationwide, the annual California Dream Days Campaign as well as CalTour services. Total distribution is 20,000 copies directly to travel outlets such as travel agencies, tour operators, incentive houses, airlines, etc. as well as through trade shows and conferences throughout the country.

Australian Travel Trade Web Site – CalTour established a much-needed electronic information resource specifically for the travel trade in Australia. The demise of the U.S. Travel and Tourism Administration presence in Australia (and worldwide) a few years ago has caused a tremendous void in available U.S. travel information. As a result, agents are selling other destinations on which they are more readily able to obtain information. CalTour has taken an aggressive approach in organizing a California web site which supported by the California travel industry and consists of individual home pages providing the travel trade with valuable information pertinent to their product/destination. Each sponsors' home page is linked to its primary web site, if available.

California Highlights – A quarterly travel trade newsletter designed to provide both international and domestic tour operators a consistent source of new product information was launched in 1998. Consisting of resource and contact information for CalTour, commentary on a featured destination, a summary of new developments in each of the state's 12 regions, along with some fun and quirky facts provide the buyer an enjoyable information piece. The newsletter was created to respond to tour operator requests for consistent industry information and new product development.

Golf Guide – In response to the high demand for usable golf related information from visitors and tour operators, CalTour developed a golf reference guide with details related to any type of golf activity, including course information, training facilities/classes, equipment, etc. Although there are no intentions to produce the document in mass, it will be provided to whomever requests it. As it is in a constant state of draft format, it can easily be updated regularly as required.

Self-Catering Accommodations Guide – In response to a constant flow of requests for self-catering facilities such as apartments, villas, condominiums, etc. and the lack of a central resource for such information, CalTour researched and compiled a reference for bookings. Like the golf resource, the information will be used internally for response to inquiries, but will be made available to any requesters as well.

Visitor Information Program – This program was previously identified as the Visitor Assistance Program which provided advertising opportunities to the industry through a rack brochure touting a toll-free service for visitors to access various services and multi-lingual operators. In response to the lack of support from the industry for the program through advertising, the format was changed to offer the industry a multi-level subscription service. Ranging in annual subscription fees of \$500 to \$1,500, the program offers industry supporters the opportunity to promote their product/service through a computer database, a rack brochure, a web site and through a discount card. The service provides travelers to the state a toll-free number which they can obtain travel reference information, multi-lingual telephone operators, emergency assistance, directions, etc. Endorsed by key tour operators such as DER and ADAC in Germany, the service is very much in demand by both sides of the industry. California is one of only three states offering such a service, however neither of the other two do so to such an extent as California.

Taste of California – In an effort to enhance CalTour's international marketing efforts and to gain added exposure for destinations (many rural), "Taste of California" was created. The concept is merely an expansion of the previous successful efforts which have involved only wine. The expansion involves other types of consumable products including fruit and nuts, confections, rice, microbeer, and cheese. Through the use of the products, valuable exposure can be received by the destination in which the product originates as well as the product itself. A secondary goal is to generate awareness and increase demand for the product overseas and various efforts are made to maximize their exposure. For example, each company and product is highlighted on a customized information sheet; collateral material from each contributor is distributed; buyers/brokers of such products in the local market are invited to events and/or given samples of the products to encourage sales; if the local product is already available, information regarding where the product can be purchased is distributed; and recipe booklets and nutritional information is distributed whenever available. Due to the initial positive response by producers, the concept will be incorporated into future CalTour events wherever possible. Eventually, it is desired to further expand the program to include manufactured goods and change the name to "Made in California".

Miscellaneous Activities

United Airlines Global Partnership

CalTour continued to enhance its relationship with United Airlines globally by identifying a wide range of cooperative promotional opportunities:

- **Meetings with United Sales Managers** – Meetings were held with regional and country sales managers in key markets to discuss ideas that would stimulate greater marketing cooperation between the California travel industry and the airline. Consumer campaigns in the UK, Canada, Brazil and Argentina have been initially discussed.
- **1998 World Gold Panning Championships** – Although not directly involved in the sponsorship of the 1998 Championships held in Coloma, CalTour helped set the stage for the event to be sponsored by United. The airline sponsored the California team and awarded free tickets to event winners.

- **United Airlines Regional Sales Meeting** – CalTour teamed with the San Diego Convention and Visitors Bureau to co-sponsor a lunch event that included the airline’s regional sales staff from around the world.
- **United Airlines Latin America GSA Luncheon Sponsorship** – CalTour, with cooperative support of three other industry organizations, hosted 125 of the airline’s Latin America General Service Agent representatives for lunch and a presentation in Mexico City.
- **“My California” Japan Campaign** – A cooperative consumer campaign involving the airline, United Vacations Japan and the travel industry was launched in June. The initial program involved seven distinct itineraries which were sold to the consumer via a dedicated UV brochure as well as through competing tour operators through their own brochures. “My California” has received millions of dollars of partnership support by the airline and UV Japan through its aggressive advertising campaign and other marketing efforts. Although sales have been sluggish overall due to the poor economy, the concept has been very well received by the market. The program, initially targeted for a one month campaign, was extended to occur over a 12 month period with the poor selling itineraries being substituted with others according to the season. For example, for the winter selling season, a ski itinerary was incorporated.

Foreign Offices

CalTour maintained the presence of its three overseas offices. All three continued operation under contract conditions with the UK and German offices being funded as part of a cooperative agreement with the San Francisco, Los Angeles, Anaheim/Orange County, Palm Springs Desert Resorts and San Diego Convention and Visitor Bureaus. The Japan office is solely funded by CalTour. The primary focus of all three offices in 1998 was strengthening relationships with the travel trade and press. The offices implemented the following activities:

United Kingdom and Germany

- produced trade leads for each partner
- provided assistance in coordinating two major trade shows in-country
- provided assistance in securing appointments for industry partners at two major trade shows in the U.S.
- facilitated California’s presence at in-country trade promotional events
- conducted educational seminars for retail travel agents
- conducted sales calls on key tour operators and incentive planners
- distributed destination planning information for the state and partners
- provided market analysis reports and trend updates
- developed and distributed a California newsletter to the travel trade and media

- facilitated media inquiries
- facilitated familiarization tours

Japan

- conducted educational seminars for retail travel agents
- assisted the travel trade in product development
- initiated product development through selected tour operators
- facilitate media inquiries and helped generate stories
- distributed resource information to both the travel trade and consumer
- facilitated California's presence at two major trade and consumer shows
in-country
- conducted educational seminars for retail travel agents
- facilitated familiarization tours

Visit USA Offices

In an effort to strengthen California's presence in key, secondary and emerging markets, CalTour maintained its membership in Visit USA Committees and became members in newly established Visit USA organizations. Membership in the following countries was either continued or initiated in 1998:

United Kingdom

Germany

Mexico

Italy

France

The Netherlands

Chile

Belgium

Ireland

Korea

Brazil

Argentina

The Visit USA offices vary in operation and focus depending on country. Some, like the UK and Germany, do not allow membership organizations which do not have in-country representatives to belong and do not provide any consumer services or trade fulfillment. Others, such as Belgium, provide a wide range of services including consumer fulfillment and trade assistance and charge an annual membership fee. Many of the committees are now offering web page services for additional fees.

Plans are underway to establish representation, under a cooperative partnership with select partners, in Brazil, Argentina, Australia and Mexico.

Media Relations

Media Outreach

Media Blitzes – CalTour organized the state's fifth media blitz to New York City, February 23-26, 1998. This trip included 37 delegates representing 34 California destinations, attractions, sightseeing companies, and shopping areas who met with 120 travel trade and consumer press in New York City. With the 150th Anniversary of Gold Discovery as the theme, the 1998 press event featured remarks by Dr. Kevin Starr, California State Librarian, noted historian and author. Comments on evaluations completed by delegates were constructive and positive, supported by the fact that 23 of the participating companies are returning for the 1999 media blitz to New York City planned for February 22-25. In addition to developing relationships with the New York-based media, actual leads and story placement resulted from the media blitz in the following outlets: *Condé Nast Traveler*, *Diversion*, *Golf For Women*, *Golfer Magazine*, *Successful Meetings*, *Travel Holiday*, and *Wall Street Journal*.

Editorial Visits – For the first time ever, CalTour conducted editorial visits to Germany, September 7-14. Appointments with 21 top consumer and travel trade press affiliated with publications such as *GEO-SAISON*, *GLOBO*, *ADAC Reismagazin*, *Brigitte*, *GOLF Magazin*, and *Abenteuer und Reisen* were scheduled in Frankfurt, Hamburg and Munich. Organized by Marketing Services International (MSi), CalTour's travel trade representative in Germany, the purpose of the editorial visits were to establish a relationship with key publications and broadcast outlets, pitch California story ideas appropriate to each media, and gain positive coverage for the Golden State. A full fledged media blitz to Germany involving California companies and DMOs is under consideration for September 1999.

CalTour staff regularly conducts editorial visits with key publications and journalists in the Los Angeles area and San Francisco Bay Area, usually scheduled in conjunction with meetings and conferences in those destinations.

Media Assistance

Trade Show/Conference Media Assistance – CalTour responded to media requests at major travel trade shows and conferences including appointments with 40 press attending the Discover America International Pow Wow in Chicago; 20 press attending Society of American Travel Writers (SATW) Western Chapter Meeting in Montreal; ten press

attending American Society of Travel Agents (ASTA) 68th Annual Congress in Los Angeles; and 58 press attending World Travel Market in London.

CTM – CalTour coordinated publicity effort for second annual California Travel Market (CTM), March 23-26, in San Diego. Eighteen international travel trade and consumer press from 11 countries participated in CTM '98. To date, 19 articles and/or features about California and CTM have been generated by journalists attending the show. Eighteen journalists have indicated they will be attending CTM '99 in Anaheim, April 12-15.

Press Trips – Individual press trips were organized by CalTour throughout California for domestic travel writers, and journalists and broadcasters from Australia, Brazil, Canada, France, Germany, Italy, Japan, and the United Kingdom.

After a two year absence, CalTour organized a California Dream Days press trip for Canadian travel writers, September 27 - October 3. Sponsored in partnership with Air Canada, the press trip highlighted the airlines' new service from Toronto, Ontario to San Jose and featured visits to San Jose, Gilroy, Salinas, Monterey Peninsula, and Santa Cruz County. Participating in the trip were Suzanne Bourret, *The Hamilton Spectator* (circulation: 135,000); Ken Kilpatrick, *The Toronto Star* (circulation: 725,000); Julie Rekaï Rickerd, *The Financial Post* (circulation: 190,000); Richard Saindon, *Le Soleil* (circulation: 135,000), *L'Avantage* (circulation: 25,000), *Le Quotidien* (circulation: 30,000); and Mei-Yin Teo, *The Toronto Sun* (circulation: 410,000). The ad equivalency value of coverage generated by the press trip thus far amounts to \$69,000.

Media Assistance – CalTour's media relations staff assisted approximately 900 journalists with information for travel and tourism articles, broadcasts and travel guide books on California.

California Sesquicentennial – CalTour provided publicity support for the California Gold Discovery to Statehood Sesquicentennial, distributing more than 200 of their press kits and including the 150th Anniversary message in our material at trade shows, during editorial visits, and to journalists upon request.

Outdoor Writers' Conference – CalTour supported the Shasta Cascade Wonderland Association and City of Redding in sponsoring and organizing Outdoor Writers Association of America (OWAA) Annual Conference in Redding, June 14-19. The Redding meeting marked the first time that this prestigious group of outdoor journalists had met in California. CalTour coordinated post-conference trips, organized the press room and sponsored the opening night. Follow-up packets were mailed to 177 leading outdoor writers and broadcasters throughout the United States, and OWAA members are now included in CalTour database.

CalTour Newsletter – Four editions of *Insights*, a newsletter which informs California travel companies and destinations on how they can take greater advantage of CalTour's services and programs was written and distributed to approximately 8,500 organizations and individuals. *Insights* was expanded to 16 pages to accommodate a growing amount of information regarding CalTour programs. *Insights* was honored on a regional and international level in 1998 – receiving the top award from the Sacramento Public Relations Association (SPRA) in the category of "Best External Newsletter," and the Hospitality Sales and Marketing Association International (HSMIA) recognized *Insights* with a "Gold" Golden Bell Award.

What's New In California – Each quarter, CalTour issues *What's New In California*, a major roundup release about new developments in California tourism. Completely re-designed with regional icons, *What's New* is sent to more than 2,500 national and international writers, editors and broadcasters. The quarterly update is well received by the media. For example, it is regularly used by *Senior Travel Tips*, *Travel Agent*, *TravelAge West*, *Sacramento Bee*, *Knight-Ridder Newspapers*, and Associated Press (AP), among other publications. *What's New* entries are regularly picked-up by AP, and go to

1,550 daily AP member newspapers around the country. They represent 98.8 percent of all U.S. dailies and 99 percent of U.S. newspaper circulation. A special edition of *What's New In California* was developed for Pow Wow '98 and was available in English, French, German, Japanese and Spanish. Translated versions were also prepared for international editorial visits and sales missions. Beginning in Winter 1999, translated editions of *What's New* will be distributed on a quarterly basis.

Web site – Debuting on CalTour's web site last year, *What's New in California*, was enhanced with colorful regional icons, and Spanish and German versions of the quarterly release were added to the web site. In addition, press releases covering topics such as covered bridges, fall foliage, whale watching, and missions are now accessible on the site.



Press Kit – CalTour's press kit received numerous honors in 1998, including: a Gold Award from the Sacramento Public Relations Association (SPRA) in the category of "Best Media Kit," "Best of Show" and "Best of Destinations" recognition by a panel of Travel Industry Association of America (TIA) Communications Council members and selected media at Pow Wow '98; and a "Gold" Golden Bell Award from Hospitality Sales and Marketing Association International (HSMIAI).

Press Releases – Twenty press releases and media advisories were distributed to the travel media about CalTour programs, publications, promotions and research findings; and in response to natural disasters and situations that might otherwise have adversely impacted tourism in California.

Publicity Evaluation – Newsclips collected by a newsclipping analysis service (January - December 1998) totaled 11,320 articles featuring California destinations or tourism issues with an ad equivalency value of \$63.2 million. Approximately 1/8th of these articles were generated by writers who had direct contact with CalTour, meaning that about **\$7.9 million in direct ad equivalency** was generated from the \$386,000 budgeted for CalTour media relations. And, since editorial space is widely recognized to have a 10 to 1 value in relation to advertising space, a potential value of **\$79 million in equivalent advertising space** is estimated to have been generated by CalTour publicity.

Coverage Increase – The number of articles about California increased by a whopping 43 percent over 1997. Ad equivalency for these articles increased by an equally dramatic jump of 46 percent. Ad rates have gone up, accounting for a slight increase in the ad equivalency analysis. However, the overall increase in coverage can be attributed to the marketing efforts of California tourism organizations, including CalTour.